

House Study Bill 766

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation and local budgets by
2 imposing requirements on those cities, counties, townships,
3 and other property tax certifying boards that seek to increase
4 the amount of property taxes certified for levy, requiring
5 funding of real property-related services, changing the number
6 of signatures necessary to protest an adopted county budget,
7 requiring a transition for the imposition of city taxes
8 against annexed property, abolishing county compensation
9 boards, tying together the assessment limitations of certain
10 classes of property, and including effective and retroactive
11 and other applicability date provisions.
12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
13 TLSB 6480HC 81
14 sc/gg/14

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1 1 DIVISION I
1 2 LOCAL BUDGETS
1 3 Section 1. Section 24.9, Code 2005, is amended to read as
1 4 follows:
1 5 24.9 FILING ESTIMATES == NOTICE OF HEARING == RESOLUTION
1 6 TO INCREASE TAXES == AMENDMENTS.
1 7 1. Each municipality shall file with the secretary or
1 8 clerk thereof the estimates required to be made in sections
1 9 24.3 to 24.8, at least twenty days before the date fixed by
1 10 law for certifying the same to the levying board and shall
1 11 forthwith fix a date for a hearing thereon, and shall publish
1 12 such estimates and any annual levies previously authorized as
1 13 provided in section 76.2, with a notice of the time when and
1 14 the place where such hearing shall be held not less than ten
1 15 nor more than twenty days before the hearing. Provided that
1 16 in municipalities of less than two hundred population such
1 17 estimates and the notice of hearing thereon shall be posted in
1 18 three public places in the district in lieu of publication.
1 19 For any other municipality such publication shall be in a
1 20 newspaper published therein, if any; if not, then in a
1 21 newspaper of general circulation therein. The department of
1 22 management shall prescribe the form for public hearing notices
1 23 for use by municipalities.
1 24 ~~For any other municipality such publication shall be in a~~
1 25 ~~newspaper published therein, if any, if not, then in a~~
1 26 ~~newspaper of general circulation therein.~~
1 27 ~~The department of management shall prescribe the form for~~
1 28 ~~public hearing notices for use by municipalities.~~
1 29 2. Effective for the fiscal year beginning July 1, 2007,
1 30 and all subsequent fiscal years, the maximum amount of
1 31 property tax dollars that may be certified by the certifying
1 32 board of a municipality shall not exceed the amount certified
1 33 in the previous fiscal year, unless the certifying board
1 34 adopts a resolution pursuant to this subsection. The
1 35 resolution shall be filed in the same manner and at the same
2 1 time as the estimates in subsection 1. The resolution shall
2 2 be published along with the estimates and the notice of public
2 3 hearing required in subsection 1. After the public hearing,
2 4 the certifying board may abandon the declaration contained in
2 5 the resolution or the certifying board may proceed with the
2 6 declaration contained in the resolution.
2 7 3. Budget estimates adopted and certified in accordance
2 8 with this chapter may be amended and increased as the need
2 9 arises to permit appropriation and expenditure during the

2 10 fiscal year covered by the budget of unexpended cash balances
2 11 on hand at the close of the preceding fiscal year and which
2 12 cash balances had not been estimated and appropriated for
2 13 expenditure during the fiscal year of the budget sought to be
2 14 amended, and also to permit appropriation and expenditure
2 15 during the fiscal year covered by the budget of amounts of
2 16 cash anticipated to be available during the year from sources
2 17 other than taxation and which had not been estimated and
2 18 appropriated for expenditure during the fiscal year of the
2 19 budget sought to be amended. Such amendments to budget
2 20 estimates may be considered and adopted at any time during the
2 21 fiscal year covered by the budget sought to be amended, by
2 22 filing the amendments and upon publishing them and giving
2 23 notice of the public hearing in the manner required in this
2 24 section. Within ten days of the decision or order of the
2 25 certifying or levying board, the proposed amendment of the
2 26 budget is subject to protest, hearing on the protest, appeal
2 27 to the state appeal board and review by that body, all in
2 28 accordance with sections 24.27 to 24.32, so far as applicable.
2 29 A local budget shall be amended by May 31 of the current
2 30 fiscal year to allow time for a protest hearing to be held and
2 31 a decision rendered before June 30. An amendment of a budget
2 32 after May 31 which is properly appealed but without adequate
2 33 time for hearing and decision before June 30 is void.
2 34 Amendments to budget estimates accepted or issued under this
2 35 section are not within section 24.14.

3 1 Sec. 2. NEW SECTION. 331.422A LIMITATION ON TAX DOLLARS
3 2 CERTIFIED.

3 3 1. Effective for the fiscal year beginning July 1, 2007,
3 4 and all subsequent fiscal years, the maximum amount of
3 5 property tax dollars that may be certified by the county board
3 6 of supervisors shall not exceed the amount certified in the
3 7 previous fiscal year, unless the board adopts a resolution
3 8 pursuant to subsection 2.

3 9 2. Not less than thirty-five days before the certification
3 10 date of the budget for the following fiscal year, the board
3 11 may adopt a resolution declaring that for such budget the
3 12 board intends to increase the amount of taxes from the current
3 13 fiscal year. The board shall schedule a hearing on the
3 14 resolution and publish notice of the hearing in a newspaper of
3 15 general circulation in the county not less than four nor more
3 16 than ten days before the hearing. The notice shall contain a
3 17 copy of the resolution. After the public hearing, the board
3 18 may abandon the declaration contained in the resolution or the
3 19 board may proceed with the declaration contained in the
3 20 resolution.

3 21 Sec. 3. Section 331.436, Code 2005, is amended to read as
3 22 follows:

3 23 331.436 PROTEST.

3 24 Protests to the adopted budget must be made in accordance
3 25 with sections 24.27 through 24.32 as if the county were the
3 26 municipality under those sections ~~except that the number of~~
~~3 27 people necessary to file a protest under this section shall~~
~~3 28 not be less than one hundred.~~

3 29 Sec. 4. NEW SECTION. 331.437A REAL PROPERTY == RELATED
3 30 SERVICES == FUNDING.

3 31 1. If a county's property tax capacity is reduced or the
3 32 amount of revenue to be received by a county from sources
3 33 other than property taxes is reduced, a county is prohibited
3 34 from reducing funding for real property-related services
3 35 provided by the county from the level such services were
4 1 funded in the previous year without first reducing funding for
4 2 services that are not essential services.

4 3 2. If funding for real property-related services is
4 4 reduced under the circumstances described in subsection 1, the
4 5 budget summary required to be published by the county pursuant
4 6 to section 331.434 shall include a listing of the real
4 7 property-related services, by service area and item, for which
4 8 funding is reduced from the previous year, the previous year's
4 9 funding for such service area and item, and the proposed
4 10 funding for such service area and item. The listing shall be
4 11 prefaced by the following statement:
4 12 "State law requires that when the revenue capacity of a
4 13 county is reduced, funding for services that are not related
4 14 to real property shall be reduced before reductions are made
4 15 in funding of real property-related services. Following is
4 16 the list of real property-related services for which funding
4 17 is reduced in this proposed budget."

4 18 3. For purposes of this section, "real property-related
4 19 services" means a public service having a direct relationship
4 20 to property ownership, including law enforcement, fire

4 21 protection service, emergency medical services, street lights,
4 22 water, sewage and sewage disposal, garbage pickup and garbage
4 23 disposal, landfills, roads and road maintenance, streets and
4 24 street maintenance, bridges and bridge maintenance, sidewalks
4 25 and sidewalk maintenance, snow removal, and local emergency
4 26 management to the extent such real property-related services
4 27 are mandated by statute or have been provided at the
4 28 discretion of the county board of supervisors.

4 29 Sec. 5. Section 359.49, Code 2005, is amended by adding
4 30 the following new subsection:

4 31 NEW SUBSECTION. 2A. Effective for the fiscal year
4 32 beginning July 1, 2007, and all subsequent fiscal years, the
4 33 maximum amount of property tax dollars that may be certified
4 34 by the township board of trustees shall not exceed the amount
4 35 certified in the previous fiscal year, unless the board of
5 1 trustees adopts a resolution pursuant to this subsection.

5 2 Not less than twenty days before the date set for the
5 3 regular meeting of the board of trustees at which objections
5 4 and arguments on the budget will be heard, the board may adopt
5 5 a resolution declaring that for such budget the board intends
5 6 to increase the amount of taxes from the current fiscal year.
5 7 The resolution shall be forwarded to the county auditor for
5 8 posting with the proposed budget pursuant to subsection 4.
5 9 After the meeting, the board may abandon the declaration
5 10 contained in the resolution or the board may proceed with the
5 11 declaration contained in the resolution.

5 12 Sec. 6. Section 368.7, subsection 5, Code Supplement 2005,
5 13 is amended to read as follows:

5 14 5. In the discretion of a city council, the resolution
5 15 provided for in subsection 1, paragraph "d", or subsection 2
5 16 or 3, may include a provision for a transition for the
5 17 imposition of city taxes against property within the
5 18 annexation area as provided in section 368.11, subsection 3,
5 19 paragraph "m". However, the city shall provide for such
5 20 transition for the imposition of city taxes against that
5 21 property that is included in the territory to be annexed
5 22 without the consent of the landowner.

5 23 Sec. 7. Section 368.11, subsection 3, paragraph m, Code
5 24 Supplement 2005, is amended to read as follows:

5 25 m. ~~In the discretion of a city council, a~~ A provision for
5 26 a transition for the imposition of city taxes against property
5 27 within an annexation area. The provision shall allow for an
5 28 exemption from taxation of the following percentages of
5 29 assessed valuation according to the following schedule:

- 5 30 (1) For the first and second years, seventy-five percent.
- 5 31 (2) For the third and fourth years, sixty percent.
- 5 32 (3) For the fifth and sixth years, forty-five percent.
- 5 33 (4) For the seventh and eighth years, thirty percent.
- 5 34 (5) For the ninth and tenth years, fifteen percent.

5 35 An alternative schedule may be adopted by the city council.
6 1 ~~However, an~~ An alternative schedule shall not allow a greater
6 2 ~~an exemption that is equivalent to or greater than that~~
6 3 provided in this paragraph. The exemption shall be applied in
6 4 the levy and collection of taxes. The provision may also
6 5 allow for the partial provision of city services during the
6 6 time in which the exemption from taxation is in effect.

6 7 Sec. 8. NEW SECTION. 384.1A LIMITATION ON TAX DOLLARS
6 8 CERTIFIED.

6 9 1. Effective for the fiscal year beginning July 1, 2007,
6 10 and all subsequent fiscal years, the maximum amount of
6 11 property tax dollars that may be certified by the city council
6 12 shall not exceed the amount certified in the previous fiscal
6 13 year, unless the city council adopts a resolution pursuant to
6 14 subsection 2.

6 15 2. Not less than thirty-five days before the certification
6 16 date of the budget for the following fiscal year, the city
6 17 council may adopt a resolution declaring that for such budget
6 18 the city council intends to increase the amount of taxes from
6 19 the current fiscal year. The city council shall schedule a
6 20 hearing on the resolution and publish notice of the hearing in
6 21 a newspaper of general circulation in the city not less than
6 22 four nor more than ten days before the hearing. The notice
6 23 shall contain a copy of the resolution. After the public
6 24 hearing, the city council may abandon the declaration
6 25 contained in the resolution or the city council may proceed
6 26 with the declaration contained in the resolution.

6 27 Sec. 9. NEW SECTION. 384.20A REAL PROPERTY-RELATED
6 28 SERVICES == FUNDING.

6 29 1. If a city's property tax capacity is reduced or the
6 30 amount of revenue to be received by a city from sources other
6 31 than property taxes is reduced, a city is prohibited from

6 32 reducing funding for real property-related services provided
6 33 by the city from the level such services were funded in the
6 34 previous year without first reducing funding for services that
6 35 are not real property-related services.

7 1 2. If funding for real property-related services is
7 2 reduced under the circumstances described in subsection 1, the
7 3 budget summary required to be published by the city pursuant
7 4 to section 384.16 shall include a listing of the real
7 5 property-related services, by service area and item, for which
7 6 funding is reduced from the previous year, the previous year's
7 7 funding for such service area and item, and the proposed
7 8 funding for such service area and item. The listing shall be
7 9 prefaced by the following statement:

7 10 "State law requires that when the revenue capacity of a
7 11 city is reduced, funding for services that are not related to
7 12 real property shall be reduced before reductions are made in
7 13 funding of real property-related services. Following is the
7 14 list of real property-related services for which funding is
7 15 reduced in this proposed budget."

7 16 3. For purposes of this section, "real property-related
7 17 services" means a public service having a direct relationship
7 18 to property ownership, including law enforcement, fire
7 19 protection service, emergency medical services, street lights,
7 20 water, sewage and sewage disposal, garbage pickup and garbage
7 21 disposal, landfills, roads and road maintenance, streets and
7 22 street maintenance, bridges and bridge maintenance, sidewalks
7 23 and sidewalk maintenance, snow removal, and local emergency
7 24 management to the extent such real property-related services
7 25 are mandated by statute or have been provided at the
7 26 discretion of the city council.

7 27 Sec. 10. EFFECTIVE AND APPLICABILITY PROVISIONS. The
7 28 sections of this division of this Act amending sections 368.7
7 29 and 368.11, being deemed of immediate importance, take effect
7 30 upon enactment and apply to annexation applications submitted
7 31 to a city council and petitions for involuntary annexation
7 32 filed with the city development board on or after the date of
7 33 enactment.

7 34 DIVISION II

7 35 PROPERTY ASSESSMENT LIMITATION (ROLLBACK)

8 1 Sec. 11. Section 441.21, subsections 4 and 5, Code
8 2 Supplement 2005, are amended to read as follows:

8 3 4. For valuations established as of January 1, 1979, the
8 4 percentage of actual value at which agricultural and
8 5 residential property shall be assessed shall be the quotient
8 6 of the dividend and divisor as defined in this section. The
8 7 dividend for each class of property shall be the dividend as
8 8 determined for each class of property for valuations
8 9 established as of January 1, 1978, adjusted by the product
8 10 obtained by multiplying the percentage determined for that
8 11 year by the amount of any additions or deletions to actual
8 12 value, excluding those resulting from the revaluation of
8 13 existing properties, as reported by the assessors on the
8 14 abstracts of assessment for 1978, plus six percent of the
8 15 amount so determined. ~~However, if the difference between the~~
~~8 16 dividend so determined for either class of property and the~~
~~8 17 dividend for that class of property for valuations established~~
~~8 18 as of January 1, 1978, adjusted by the product obtained by~~
~~8 19 multiplying the percentage determined for that year by the~~
~~8 20 amount of any additions or deletions to actual value,~~
~~8 21 excluding those resulting from the revaluation of existing~~
~~8 22 properties, as reported by the assessors on the abstracts of~~
~~8 23 assessment for 1978, is less than six percent, the 1979~~
~~8 24 dividend for the other class of property shall be the dividend~~
~~8 25 as determined for that class of property for valuations~~
~~8 26 established as of January 1, 1978, adjusted by the product~~
~~8 27 obtained by multiplying the percentage determined for that~~
~~8 28 year by the amount of any additions or deletions to actual~~
~~8 29 value, excluding those resulting from the revaluation of~~
~~8 30 existing properties, as reported by the assessors on the~~
~~8 31 abstracts of assessment for 1978, plus a percentage of the~~
~~8 32 amount so determined which is equal to the percentage by which~~
~~8 33 the dividend as determined for the other class of property for~~
~~8 34 valuations established as of January 1, 1978, adjusted by the~~
~~8 35 product obtained by multiplying the percentage determined for~~
9 1 that year by the amount of any additions or deletions to
9 2 actual value, excluding those resulting from the revaluation
9 3 of existing properties, as reported by the assessors on the
9 4 abstracts of assessment for 1978, is increased in arriving at
9 5 the 1979 dividend for the other class of property. The
9 6 divisor for each class of property shall be the total actual
9 7 value of all such property in the state in the preceding year,

9 8 as reported by the assessors on the abstracts of assessment
9 9 submitted for 1978, plus the amount of value added to said
9 10 total actual value by the revaluation of existing properties
9 11 in 1979 as equalized by the director of revenue pursuant to
9 12 section 441.49. The director shall utilize information
9 13 reported on abstracts of assessment submitted pursuant to
9 14 section 441.45 in determining such percentage. For valuations
9 15 established as of January 1, 1980, and each year thereafter,
9 16 the percentage of actual value as equalized by the director of
9 17 revenue as provided in section 441.49 at which agricultural
9 18 and residential property shall be assessed shall be calculated
9 19 in accordance with the methods provided ~~herein including the~~
~~9 20 limitation of increases in agricultural and residential~~
~~9 21 assessed values to the percentage increase of the other class~~
~~9 22 of property if the other class increases less than the~~
~~9 23 allowable limit adjusted to include the applicable and current~~
~~9 24 values as equalized by the director of revenue in this~~
~~9 25 subsection, except that any references to six percent in this~~
9 26 subsection shall be four percent. For valuations established
9 27 for the assessment year beginning January 1, 2006, and each
9 28 year thereafter, the percentage of actual value as equalized
9 29 by the director of revenue as provided in section 441.49 at
9 30 which agricultural and residential property shall be assessed
9 31 shall be calculated in accordance with the methods provided in
9 32 this subsection and subsection 5A, except that any references
9 33 to six percent in this subsection shall be four percent.

9 34 5. For valuations established as of January 1, 1979,
9 35 commercial property and industrial property, excluding
10 1 properties referred to in section 427A.1, subsection 7, shall
10 2 be assessed as a percentage of the actual value of each class
10 3 of property. The percentage shall be determined for each
10 4 class of property by the director of revenue for the state in
10 5 accordance with the provisions of this section. For
10 6 valuations established as of January 1, 1979, the percentage
10 7 shall be the quotient of the dividend and divisor as defined
10 8 in this section. The dividend for each class of property
10 9 shall be the total actual valuation for each class of property
10 10 established for 1978, plus six percent of the amount so
10 11 determined. The divisor for each class of property shall be
10 12 the valuation for each class of property established for 1978,
10 13 as reported by the assessors on the abstracts of assessment
10 14 for 1978, plus the amount of value added to the total actual
10 15 value by the revaluation of existing properties in 1979 as
10 16 equalized by the director of revenue pursuant to section
10 17 441.49. For valuations established as of January 1, 1979,
10 18 property valued by the department of revenue pursuant to
10 19 chapters 428, 433, 437, and 438 shall be considered as one
10 20 class of property and shall be assessed as a percentage of its
10 21 actual value. The percentage shall be determined by the
10 22 director of revenue in accordance with the provisions of this
10 23 section. For valuations established as of January 1, 1979,
10 24 the percentage shall be the quotient of the dividend and
10 25 divisor as defined in this section. The dividend shall be the
10 26 total actual valuation established for 1978 by the department
10 27 of revenue, plus ten percent of the amount so determined. The
10 28 divisor for property valued by the department of revenue
10 29 pursuant to chapters 428, 433, 437, and 438 shall be the
10 30 valuation established for 1978, plus the amount of value added
10 31 to the total actual value by the revaluation of the property
10 32 by the department of revenue as of January 1, 1979. For
10 33 valuations established as of January 1, 1980, commercial
10 34 property and industrial property, excluding properties
10 35 referred to in section 427A.1, subsection 7, shall be assessed
11 1 at a percentage of the actual value of each class of property.
11 2 The percentage shall be determined for each class of property
11 3 by the director of revenue for the state in accordance with
11 4 the provisions of this section. For valuations established as
11 5 of January 1, 1980, the percentage shall be the quotient of
11 6 the dividend and divisor as defined in this section. The
11 7 dividend for each class of property shall be the dividend as
11 8 determined for each class of property for valuations
11 9 established as of January 1, 1979, adjusted by the product
11 10 obtained by multiplying the percentage determined for that
11 11 year by the amount of any additions or deletions to actual
11 12 value, excluding those resulting from the revaluation of
11 13 existing properties, as reported by the assessors on the
11 14 abstracts of assessment for 1979, plus four percent of the
11 15 amount so determined. The divisor for each class of property
11 16 shall be the total actual value of all such property in 1979,
11 17 as equalized by the director of revenue pursuant to section
11 18 441.49, plus the amount of value added to the total actual

11 19 value by the revaluation of existing properties in 1980. The
11 20 director shall utilize information reported on the abstracts
11 21 of assessment submitted pursuant to section 441.45 in
11 22 determining such percentage. For valuations established as of
11 23 January 1, 1980, property valued by the department of revenue
11 24 pursuant to chapters 428, 433, 437, and 438 shall be assessed
11 25 at a percentage of its actual value. The percentage shall be
11 26 determined by the director of revenue in accordance with the
11 27 provisions of this section. For valuations established as of
11 28 January 1, 1980, the percentage shall be the quotient of the
11 29 dividend and divisor as defined in this section. The dividend
11 30 shall be the total actual valuation established for 1979 by
11 31 the department of revenue, plus eight percent of the amount so
11 32 determined. The divisor for property valued by the department
11 33 of revenue pursuant to chapters 428, 433, 437, and 438 shall
11 34 be the valuation established for 1979, plus the amount of
11 35 value added to the total actual value by the revaluation of
12 1 the property by the department of revenue as of January 1,
12 2 1980. For valuations established as of January 1, 1981, and
12 3 each year thereafter, the percentage of actual value as
12 4 equalized by the director of revenue as provided in section
12 5 441.49 at which commercial property and industrial property,
12 6 excluding properties referred to in section 427A.1, subsection
12 7 7, shall be assessed shall be calculated in accordance with
12 8 the methods provided herein in this subsection, except that
12 9 any references to six percent in this subsection shall be four
12 10 percent. For valuations established as of January 1, 1981,
12 11 and each year thereafter, the percentage of actual value at
12 12 which property valued by the department of revenue pursuant to
12 13 chapters 428, 433, 437, and 438 shall be assessed shall be
12 14 calculated in accordance with the methods provided herein,
12 15 except that any references to ten percent in this subsection
12 16 shall be eight percent. Beginning with valuations established
12 17 as of January 1, 1979, and each year thereafter, property
12 18 valued by the department of revenue pursuant to chapter 434
12 19 shall also be assessed at a percentage of its actual value
12 20 which percentage shall be equal to the percentage determined
12 21 by the director of revenue for commercial property, industrial
12 22 property, or property valued by the department of revenue
12 23 pursuant to chapters 428, 433, 437, and 438, whichever is
12 24 lowest. For valuations established for the assessment year
12 25 beginning January 1, 2006, and each year thereafter, the
12 26 percentage of actual value as equalized by the director of
12 27 revenue as provided in section 441.49 at which commercial and
12 28 industrial property shall be assessed shall be calculated in
12 29 accordance with the methods provided in this subsection and
12 30 subsection 5A, except that any references to six percent in
12 31 this subsection shall be four percent.

12 32 Sec. 12. Section 441.21, Code Supplement 2005, is amended
12 33 by adding the following new subsection:

12 34 NEW SUBSECTION. 5A. Notwithstanding the limitation of
12 35 increases for agricultural and residential property in
13 1 subsection 4 and the limitation of increases for commercial
13 2 and industrial property in subsection 5, for valuations
13 3 established for the assessment year beginning January 1, 2006,
13 4 and each year thereafter, for residential, agricultural, and
13 5 commercial property, the assessed values of these three
13 6 classes of property shall be limited to the percentage
13 7 increase of that class of property that is the lowest
13 8 percentage increase under the allowable limit adjusted to
13 9 include the applicable and current values as equalized by the
13 10 director of revenue. The lowest percentage increase
13 11 determined under this subsection shall also be applied to
13 12 industrial property in the same manner it is applied to the
13 13 other three classes of property.

13 14 Sec. 13. RETROACTIVE APPLICABILITY. This division of this
13 15 Act applies retroactively to January 1, 2006, for assessment
13 16 years beginning on or after that date.

13 17 DIVISION III
13 18 COUNTY COMPENSATION BOARDS

13 19 Sec. 14. Section 331.212, subsection 2, Code 2005, is
13 20 amended by adding the following new paragraph:

13 21 NEW PARAGRAPH. i. Setting the compensation schedule of
13 22 the elected county officers.

13 23 Sec. 15. Section 331.321, subsection 1, paragraph 1, Code
13 24 2005, is amended by striking the paragraph.

13 25 Sec. 16. Section 331.322, subsection 6, Code 2005, is
13 26 amended to read as follows:

13 27 6. ~~Review Annually review and prepare the final~~
13 28 ~~compensation schedule of the county compensation board and~~
13 29 ~~determine the final compensation schedule in accordance with~~

13 30 section 331.907.

13 31 Sec. 17. Section 331.322, subsection 7, Code 2005, is
13 32 amended by striking the subsection.

13 33 Sec. 18. Section 331.323, subsection 1, unnumbered
13 34 paragraph 5, Code 2005, is amended to read as follows:

13 35 ~~When~~ If the duties of an officer or employee are assigned
14 1 to one or more elected officers, the board shall set ~~the an~~
14 2 initial salary for each elected officer. ~~Thereafter, the~~
~~14 3 salary and, thereafter, shall be determined~~ determine the
14 4 salary as provided in section 331.907.

14 5 Sec. 19. Section 331.907, subsections 1 and 2, Code
14 6 Supplement 2005, are amended to read as follows:

14 7 1. The annual compensation of the auditor, treasurer,
14 8 recorder, sheriff, county attorney, and supervisors shall be
14 9 determined as provided in this section. ~~The county~~

~~14 10 compensation board of supervisors~~ annually shall review the
14 11 compensation paid to comparable officers in other counties of
14 12 this state, other states, private enterprise, and the federal
14 13 government. In setting the salary of the county sheriff, the
14 14 ~~county compensation board~~ shall consider setting the sheriff's
14 15 salary so that it is comparable to salaries paid to
14 16 professional law enforcement administrators and command
14 17 officers of the state patrol, the division of criminal
14 18 investigation of the department of public safety, and city
14 19 police agencies in this state. ~~The county compensation board~~
14 20 shall prepare a compensation schedule for the elective county
14 21 officers for the succeeding fiscal year. ~~A recommended~~
14 22 Approval of a compensation schedule requires a majority vote
14 23 of the membership of the ~~county compensation board~~.

14 24 2. At the public hearing held on the county budget as
14 25 provided in section 331.434, the ~~county compensation board~~
14 26 shall submit its ~~recommended~~ compensation schedule for the
14 27 next fiscal year ~~to the board of supervisors~~ for inclusion in
14 28 the county budget. ~~The board of supervisors shall review the~~
~~14 29 recommended compensation schedule for the elected county~~
~~14 30 officers and determine the final compensation schedule which~~
~~14 31 shall not exceed the compensation schedule recommended by the~~
~~14 32 county compensation board. In determining the final~~
~~14 33 compensation schedule if the board of supervisors wishes to~~
~~14 34 reduce the amount of the recommended compensation schedule,~~
~~14 35 the amount of salary increase proposed for each elected county~~
15 1 ~~officer shall be reduced an equal percentage. A copy of the~~
15 2 ~~final~~ compensation schedule shall be filed with the county
15 3 budget at the office of the director of the department of
15 4 management. The ~~final~~ compensation schedule takes effect on
15 5 July 1 following its adoption by the board of supervisors.

15 6 Sec. 20. Section 331.905, Code 2005, is repealed.

EXPLANATION

15 8 This bill makes changes relating to local governments by
15 9 imposing requirements on those cities, counties, townships,
15 10 and other property tax certifying boards that seek to increase
15 11 the amount of property taxes certified for levy, by changing
15 12 the number of signatures necessary to protest a county budget,
15 13 by requiring priority funding of real property-related
15 14 services by cities and counties, by tying together the
15 15 assessment limitations of certain classes of property, and by
15 16 abolishing county compensation boards.

15 17 Division I of the bill provides that, effective for the
15 18 fiscal year beginning July 1, 2007, and all subsequent fiscal
15 19 years, a county or city shall not certify for levy an amount
15 20 of property taxes that exceeds the amount certified in the
15 21 previous fiscal year unless the board of supervisors or city
15 22 council, as applicable, adopts a resolution declaring its
15 23 intent to increase tax dollars and holds a public hearing on
15 24 the resolution. After the public hearing, the board or
15 25 council may abandon the resolution or proceed with the
15 26 resolution. The division provides that all other tax
15 27 certifying boards shall comply with this requirement, except
15 28 that they are not required to hold an additional public
15 29 hearing. Instead, they are required to publish notice of
15 30 adoption of the resolution along with notice of the public
15 31 hearing that is currently required for these budgets.
15 32 Townships, however, are not required to hold a public hearing
15 33 on their budgets, so the division provides that the resolution
15 34 shall be posted along with the proposed budget before the
15 35 regular meeting on the proposed budget.

16 1 The division changes the number of signatures necessary to
16 2 protest an adopted county budget. Current law provides that
16 3 the number of signatures shall not be less than 100. Prior to
16 4 2003, the law required that the protest contain signatures
16 5 equal in number to one-fourth of 1 percent of those voting for

16 6 the office of governor at the last general election, but not
16 7 less than 10 nor more than 100. The bill changes the
16 8 signature requirement back to the law prior to 2003.

16 9 The division requires a county or city whose property tax
16 10 capacity or other revenue capacity is reduced to first reduce
16 11 funding for services that are not related to real property.
16 12 If funding for essential services is also reduced, the county
16 13 or city shall include on the published proposed budget summary
16 14 the listing of essential services for which funding has been
16 15 reduced and a statement informing persons that state law
16 16 requires that when revenue capacity is reduced funding for
16 17 nonessential services is to be reduced before funding for
16 18 essential services is reduced. The bill defines "real
16 19 property-related services".

16 20 The division requires a city to implement the statutory
16 21 transition for the imposition of city taxes against property
16 22 to be annexed if the property is included in a voluntary
16 23 annexation application without the consent of the landowner
16 24 (i.e., where up to 20 percent of the annexed property may be
16 25 annexed without consent) or if the property is included in an
16 26 involuntary annexation petition. The division also provides
16 27 that if a city provides its own schedule of exemption from
16 28 city taxes as an alternative to the statutory schedule, the
16 29 alternative exemption must be equivalent to or greater than
16 30 the statutory exemption. This portion of division I takes
16 31 effect upon enactment and applies to annexation applications
16 32 submitted to a city council and petitions for involuntary
16 33 annexation filed with the city development board on or after
16 34 the date of enactment.

16 35 Division II of the bill ties together the assessment
17 1 limitations of residential, agricultural, and commercial
17 2 property by limiting the percentage increase in all of those
17 3 classes of property to the percentage increase of that class
17 4 of property that is the lowest percentage increase under the
17 5 allowable (4 percent) limit. The division also provides that
17 6 the lowest percentage increase shall be applied to industrial
17 7 property in the same manner that it is applied to the other
17 8 three classes of property. This division of the bill applies
17 9 retroactively to January 1, 2006, for assessment years
17 10 beginning on or after that date.

17 11 Division III of the bill provides for the abolition of
17 12 county compensation boards and transfers to the board of
17 13 supervisors the duty of setting the compensation schedule for
17 14 elective county officers.

17 15 LSB 6480HC 81

17 16 sc:rj/gg/14